State of Georgia
REQUEST FOR PROPOSALS
TAX-EXEMPT INDEX FLOATERS
March 14, 2011

Responses Due: April 8, 2011 at 2:00 PM, EDT

Introduction

The State of Georgia (the "State") is evaluating options for its outstanding General Obligation Variable Rate Demand Bonds, 2006 H-1, 2006 H-2 and 2006H-3 (the "Bonds"). The Bonds currently have a Dexia Crédit Local liquidity facility, which is due to expire on December 21, 2011. With this Request for Proposals the State is seeking proposals for the issuance of tax-exempt index floaters (either SIFMA or LIBOR based) via a public offering or direct purchase.

The State also is issuing a separate and simultaneous request for proposals for one or more liquidity facilities to replace the expiring liquidity facilities for the Bonds. Depending upon market conditions and responses to this RFP and the liquidity facility request for proposals, the State may elect to obtain substitute liquidity facilities or refund the Bonds with floating rate notes for all or a portion of the outstanding Bonds. The balance of the Bonds, if any, will be refunded by the issuance of fixed rate bonds. If tax-exempt index floaters are utilized, it is the State's intent to issue tax-exempt index floaters by no later than June 30, 2011.

The State's general obligation bonds are rated Aaa by Moody's and AAA by both Fitch and Standard & Poor's. A copy of the Official Statement for the Bonds can be found at http://www.gsfic.georgia.gov. For additional information regarding the State, the official statement for the State Road and Tollway Authority State of Georgia (Full Faith and Credit) Guaranteed Revenue Refunding Bonds, 2011A and 2011B contains more recent information on the State; it can be found at http://www.gsfic.georgia.gov.

The amortization of the currently outstanding Bonds is as shown below.

Maturity Date	2006H-1	2006H-2	2006H-3	Total
12/1/2011	$2,760,000	$2,760,000	$2,760,000	$8,280,000
12/1/2012	3,010,000	3,010,000	3,000,000	9,020,000
12/1/2013	3,280,000	3,280,000	3,270,000	9,830,000
12/1/2014	3,570,000	3,570,000	3,580,000	10,720,000
12/1/2015	3,890,000	3,890,000	3,900,000	11,680,000
12/1/2016	4,250,000	4,250,000	4,240,000	12,740,000
12/1/2017	4,630,000	4,630,000	4,620,000	13,880,000
12/1/2018	5,040,000	5,040,000	5,050,000	15,130,000
12/1/2019	5,500,000	5,500,000	5,490,000	16,490,000
12/1/2020	5,990,000	5,990,000	6,000,000	17,980,000
12/1/2021	6,530,000	6,530,000	6,540,000	19,600,000
12/1/2022	7,120,000	7,120,000	7,120,000	21,360,000
12/1/2023	7,760,000	7,760,000	7,760,000	23,280,000
12/1/2024	8,460,000	8,460,000	8,460,000	25,380,000
12/1/2025	9,220,000	9,220,000	9,220,000	27,660,000
12/1/2026	10,050,000	10,050,000	10,060,000	30,160,000
Total	$91,060,000	$91,060,000	$91,070,000	$273,190,000

I. Submission of Proposal

Proposals are due not later than **2:00 PM EDT on April 8, 2011**. Please e-mail your proposals to the following:

Susan Ridley Director Georgia State Financing and Investment Commission susan.ridley@gsfic.ga.gov	Lee McElhannon Director of Bond Finance Georgia State Financing and Investment Commission lee.mcelhannon@gsfic.ga.gov
Steven Peyser Public Resources Advisory Group speyser@pragny.com	Janet Lee Public Resources Advisory Group jlee@pragny.com

II. Preliminary Schedule of Events

The following is the projected schedule for this request for proposal process:

Issuance of Request for Proposal	March 14, 2011
Deadline for Submitting Questions	March 28, 2011, 3:00 PM EDT
Deadline for Submission of Proposal	April 8, 2011, 2:00 PM EDT
Anticipated Notification of Successful Firm(s)	Week of April 18, 2011
Closing of Index Floaters	No later than June 30, 2011

III. Other Information

The State reserves the right to: (i) not undertake any index floater transactions; (ii) reject any or all proposals received in response to this request for proposals; (iii) accept a proposal from a firm other than the apparent lowest cost proposer based on other conditions (or lack thereof) of the proposals received; (iv) waive or modify any irregularities in proposals received; (v) consider proposals or modifications received at any time before the award is made, if such action, in the sole judgment of the State, is in the best interest of the State; and (vi) negotiate separately with any source whatsoever, in any manner necessary to serve the best interests of the State.

Inquiries regarding this request for proposal should be addressed to Steven Peyser (speyser@pragny.com) and Janet Lee (jlee@pragny.com) at Public Resources Advisory Group by **March 28, 2011, 3:00 PM EDT**. Any contact with State officials, including, but not limited to, members of the Georgia State Financing and Investment Commission (the "Commission") and employees of the Commission, or other members of the financing team, except as specified above, regarding issues raised by this request for proposals is prohibited and may result in disqualification.

The expenses of your proposal will not be the responsibility of the State. The State may conduct interviews with any (but not necessarily all) of the respondents. The State reserves the right to select more than one underwriter or purchaser. In addition, the State reserves the right not to select any proposal to issue tax-exempt index floaters.

The State intends to take several factors into account including: (i) quality and thoroughness of proposal; (ii) terms of the products; (iii) feasibility of execution; and (iv) experience of the firm with respect to a public offering.

IV. Proposal Submission and General Questions

Provide a brief response (5 pages maximum) and address the questions below and the applicable items for a public offering or direct purchase. In addition, please include a term sheet with the key terms of the bonds. ***Please note that the State is not legally able to provide purchasers of its indexed floating rate bonds with a hard put at the end of the initial term***.

1. Identify the personnel that will be assigned to the engagement. Be specific regarding the person or persons who would have day-to-day responsibility. Please provide phone number and e-mail address of the primary contact.

2. Please identify one or more firms, with name of designated individual and contact information, to serve as underwriter's/purchaser's counsel. The State expects the underwriter or purchaser to pay its counsel as an expense.

3. Please disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your being hired for this engagement. Identify fully the extent to which your firm or individual partners or employees are the subject of any ongoing securities investigation, are a party to any securities litigation or arbitration, or are the subject of a subpoena in connection with a municipal securities investigation, including any investigations involving auction rate securities. Include any such investigations which concluded in an enforcement or disciplinary action ordered or imposed in the last three years. In addition, describe the current status and timing of any announced mergers with, or acquisitions of, any other firm that could impact your engagement with the State.

4. Provide a statement to certify that your firm is currently in compliance with MSRB rules G-37 and G-38.

V. Public Offering of Index Floaters

1. Discuss the qualifications and experience of your firm to underwrite such securities. Identify the publicly-offered tax-exempt index floaters your firm has underwritten in the past three years. Include the issuer, ratings, date, par amount, pricing, designation policy, takedown, and firm role. Identify the publicly-traded tax-exempt index floaters your firm actively makes a market in, and your average weekly trading volume and inventory positions in 2011.

2. Provide pricing for both SIFMA and LIBOR based products, specifying percentage, spread and initial term. Discuss factors that drive pricing of the products. How could the debt be structured to minimize the spread to the base index? Would an increased interest rate at the end of the initial term (i.e., a "stepped coupon") be acceptable? **Please note the maximum rate on any bonds is 9% on an annualized basis. During the course of the year, the rate on the bonds can exceed 9%; however, on an annualized basis, the rate cannot exceed 9% such that the annual debt service for the bonds exceeds the allocable portion of the allowable highest annual debt service requirement of $32,865,000, which was calculated based on level debt service for the original aggregate principal amount of $300,000,000 over 20 years at 9%. Additionally, as stated previously, the State is not legally able to provide purchasers of its indexed floating rate bonds with a hard put at the end of the initial term.**

3. Provide estimated fees and expenses for the bond issue, specifying takedown, management fee (if any), expenses (itemized) and any other fees (itemized).

4. Provide proposed syndicate rules regarding retail, net designated, and member orders for the sale of index bonds? Should these bonds be placed by a single firm or should the State employ a syndicate?

5. Discuss the type or classes of investors who would purchase this product in a public sale? How extensive is the interest in such product? What concerns might investors have regarding this product?

6. Discuss market capacity for this transaction. Can the market absorb up to $273.19 million?

7. Please discuss such features as: callability; interest payment frequency; interest computation conventions; amortization features (serial versus term bonds); maximum rate (9%); rating requirements (if necessary); and, how these structural features might impact pricing and investor receptivity. For LIBOR index floaters, on which LIBOR index would you recommend the floaters be based and why? Include information on certain key provisions including: rating downgrade provisions if any, maximum rate calculations, required documentation, default provisions and default rate.

8. Discuss any other information you believe is relevant to the State regarding the public offering of SIFMA and LIBOR based index floaters.

VI. Direct Purchase of Index Floaters

1. Provide pricing for both SIFMA and LIBOR based products, specifying percentage, spread and initial term. Discuss factors that drive pricing of the products. How could the debt be structured to minimize the spread to the base index? Would an increased interest rate at the end of the initial term (i.e., a "stepped coupon") be acceptable? There will be no change in the spread during the initial term. **Please note the maximum rate on any bonds is 9% on an annualized basis. During the course of the year, the rate on the bank note can exceed 9%; however, on an annualized basis, the rate cannot exceed 9% such that the annual debt service for the Bonds exceeds the allocable portion of the allowable highest annual debt service requirement of $32,865,000, which was calculated based on level debt service for the original aggregate principal amount of $300,000,000 over 20 years at 9%**.

2. Provide estimated fees and expenses (itemized) for the bond issue.

3. Please state whether your firm intends to hold the bonds to maturity as an investment or requires the option to sell them in the secondary market.

4. How much product is your firm interested in purchasing? Would this amount change for SIFMA vs. LIBOR index based structures?

5. Please discuss such features as: callability; interest payment frequency; interest computation conventions; amortization features (serial versus term bonds); maximum rate (9%); rating requirements (if necessary); and, how these structural features might impact pricing. For LIBOR index floaters, on which LIBOR index would you recommend the floaters be based and why? Include information on certain key provisions including: rating downgrade provisions if any, maximum rate calculations, required documentation, default provisions and default rate.

6. Discuss any other information you believe is relevant to the State regarding the direct purchase of SIFMA and LIBOR based index floaters.